

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2434 - E911 (LSB 6446 HV.3)

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Fiscal Note Version – As Amended and Passed by the Senate

Description

House File 2434 as amended and passed by the Senate updates and modifies the enhanced 911 emergency telephone communications system.

Assumptions

1. There are approximately 1.3 million wireless cellular phone subscribers. Changes in the subscriber base affect receipts and expenses in the State E911 Program.
2. The Bill increases the monthly surcharge imposed on wireless communication service numbers from \$0.50 to \$0.65.
3. The quarterly revenue estimate, per calendar quarter, is approximately \$2.5 million or \$10.0 million per calendar year.
4. The current surcharge is \$0.50 on each wireless telephone line. The past cost to implement and maintain Phase 1 was \$0.58, which created a carry forward debt of approximately \$3.0 million (as of July 1, 2004). Recently, the Department of Homeland Security and Emergency Management renegotiated the tariffs with Qwest, which reduced the cost to maintain Phase 1 to \$0.49 per line/per month. The Department is using the remaining \$105,000 per quarter to pay off outstanding obligations. At \$105,000 per quarter, the debt will be paid off in seven and one quarter years (October 1, 2011).
5. Under Phase 1, a 911 call made from a wireless device has the call back number and address of the nearest tower forwarded to the appropriate Public Safety Answering Point. Phase 2 would add latitude and longitude coordinates of the phone at the time the 911 call was received. To implement Phase 2, updates and modifications need to be made to the equipment at the Public Safety Answering Points (PSAPs).
6. There are 127 Public Safety Answering Points in Iowa.
7. The Department of Homeland Security has received a \$500,000 grant from the Public Safety Foundation of America, which will help start the implementation of Phase 2 in approximately 110 of the 127 PSAPs. (Some PSAPs have been using wire-line money to start the Phase 2 conversion.)
8. The Federal Communications Commission (FCC) states that once Phase 2 is requested by the PSAP, the upgrade should be 50.0% complete within six months and completely finished within 18 months. The average cost for a PSAP to upgrade to Phase 1 and implement Phase 2 is estimated to be about \$100,000 per PSAP.
9. House File 2434 as amended establishes a priority order of payment. Under this priority order, the debt will be paid off by January 1, 2006.
10. The cost for the State Auditor to audit the E911 Fund is expected to be less than \$10,000 annually.
11. The Bill defines a new Section B, which allocates up to 21.0% of the total amount to wireless carriers for Phase I cost recovery. The Wireless Carrier Cost Recovery amount under the increased surcharge for both pre-debt pay off and post-debt pay off is \$532,000 per quarter or \$2.1 million per year.
12. The wire-line reimbursement for transport costs is \$408,000 per quarter, which includes \$342,000 for Qwest and \$66,000 to the other telephone companies.
13. The associated wireless carriers and third-party Automated Location Information (ALI) costs are \$870,000 per quarter, which includes \$484,000 for the selective router and \$386,000 for the third-party database.

14. Prior to the debt being paid off, \$127,000 per quarter is allocated to the Public Safety Answering Points, or \$508,000 per year. This results in approximately \$4,000 per PSAP, with no less than \$1,000 going to each of the 127 PSAPS per quarter.
15. Once the debt is paid off, the Amendment allocates 24.0% of the total surcharge amount or up to \$609,000 per quarter to be allocated by formula to the E911 Service Boards or PSAPs with no less than \$1,000 going to each of the 127 PSAPs. This equates to \$2.4 million per year.
16. House File 2434 as amended reimburses the Iowa Law Enforcement Academy for dispatcher training \$32,000 per quarter or \$128,000 per year to help offset the cost to run the Program.
17. The remainder of the amount generated from the surcharge may be accumulated in a fund as carryover operating surplus. That amount is estimated to be approximately \$16,000 per quarter prior to debt pay off and \$34,000 per quarter after the debt is paid off.

Fiscal Impact

House File 2434 as amended by the Senate creates additional revenue above current law and redistributes the priority order of payment as follows:

Revenue	<u>Quarterly Distribution</u>
	\$ 2,535,000
<u>PRIOR TO DEBT PAID OFF</u>	
A Administration	\$ 50,000
B Wireless Carrier Cost Recovery	\$ 532,000
C Wireline reimbursement for transport costs	\$ 408,000
D Associated wireless carriers Automated Location Information (ALI) costs	\$ 870,000
E Per quarter payment towards debt retirement	\$ 500,000
F Money to Public Safety Answering Points (PSAPs)	\$ 127,000
G Law Enforcement Academy Dispatcher Training	\$ 32,000
H Carryover Operating Surplus Fund	\$ 16,000
<u>AFTER DEBT PAY OFF - January 1, 2006</u>	
A Administration	\$ 50,000
B Wireless Carrier Cost Recovery	\$ 532,000
C Wireline reimbursement for transport costs	\$ 408,000
D Associated wireless carriers ALLI costs	\$ 870,000
F Money to PSAPS	\$ 609,000
G Law Enforcement Academy Dispatcher Training	\$ 32,000
H Carryover Operating Surplus Fund	\$ 34,000

Source

Department of Homeland Security and Emergency Management Division

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
